



Corporate Overview

3rd Quarter 2016





Watt's

Content

Chapter I: The Company

Chapter II: Business Areas

Chapter III: Strategy

Chapter IV: Financial Performance



Watt's

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CHAPTER I

The Company



Watt's

The Company

WATT'S

- Watt's S.A. is a publicly traded Company controlled by the Larrain family.
- Founded in 1941 as a family company dedicated to manufacture homemade marmalade/jams.
- During the 1970 decade Watt's entered, through acquisitions, into the edible oils and margarine categories, and also acquired the Santa Carolina winemaking company, a vineyard founded in 1875.
- Watt's is today a conglomerate of food and wine companies, with revenues of US\$590 million, with important presence in the retail and industrial markets.

Key Figures

Sales US\$590MM	Net Profit US\$32,8MM	EBITDA US\$71,7MM
--------------------	--------------------------	----------------------

Source: Watt's S.A., Exch. Rate 1US\$=CH\$ 650
Data: RY to Sep-16



WATT'S

- Watt's is among the largest Chilean food companies with relevant market shares in the milk, powdered milk, cheese, margarine, edible oils, juice, nectar, jam, canned fruit and vegetables, fresh pasta and wines.
- Recently Watt's entered the frozen vegetables market through the acquisition of Frutos del Maipo (November 2014).
- Watt's performs foreign operations via exports, and through its associated company in Perú, LAIVE.
- Watt's is one of the five most important suppliers of food products to the largest supermarket chains in Chile: Walmart and Cencosud.

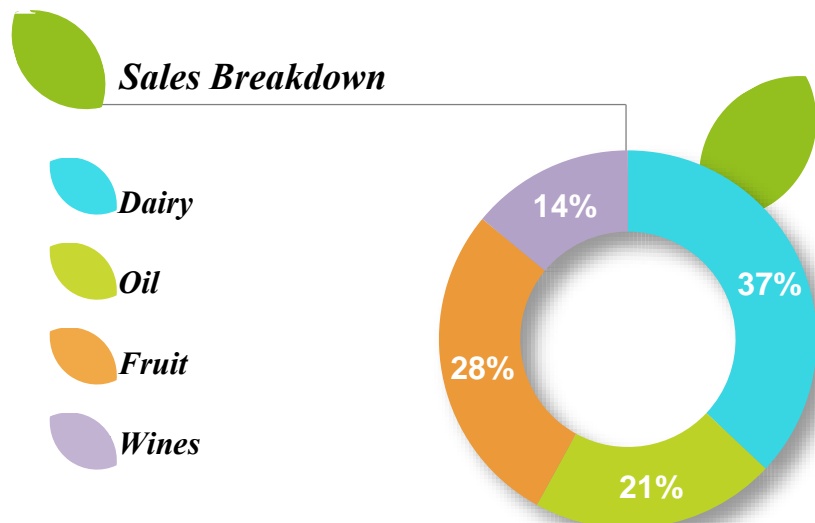
Key Figures

Sales US\$590MM	Net Profit US\$32,8MM	EBITDA US\$71,7MM
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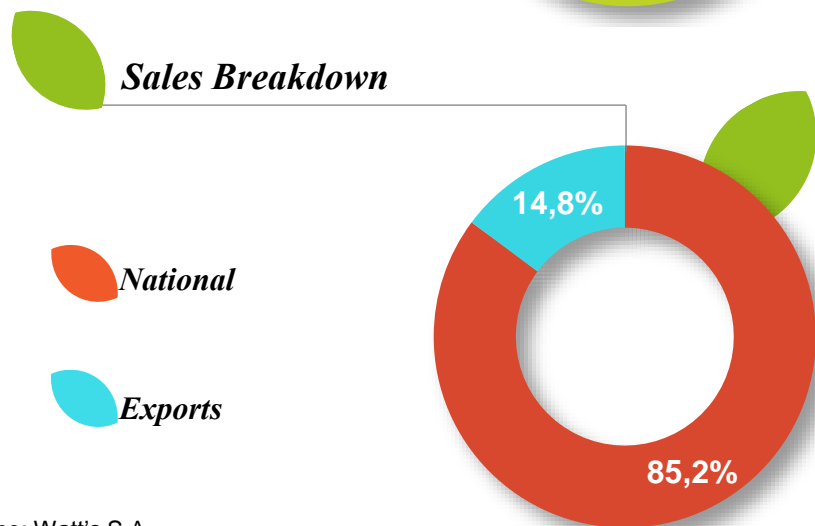
Source: Watt's S.A., Exch. Rate 1US\$=CH\$ 650
Data: RY to Sep-16

WATT'S SALES OF US\$590MM ARE MAINLY CONCENTRATED IN THE CHILEAN MARKET

The Company



- The Company is operationally structured into the following areas:
 1. Dairy products
 2. Edible Oils and Margarines
 3. Fruit based products (Jams, Juice, Canned Fruit & Vegetables, and Frozen Vegetables)
 4. Wines



- Dairy, Edible Oils and Fruit based products are the most important businesses, accounting for 86% of Watt's total sales.
- The revenue of the company is concentrated in the Chilean market, with 85,2% of local sales.

MAIN BRANDS

The Company



1941



HISTORY

1875

Viña Santa Carolina is founded by Mr. Luis Pereira Cotapos. This is the oldest business within the Watt's group.

1979



1940-1946

Watt's is born as a marmalade and jams manufacturer (Watt's family).

1970-1979

Watt's is acquired by the Larrain family.
Santa Carolina vineyard is acquired.
Acquisition of INAL and COIA.

1980



1980-1989

Acquisition of Loncoleche S.A. and Cooperativa Agrícola y Lechera de Osorno (CALO).

1995



1990-1999

Acquisition of Lácteos Collico from Valdivia (COVAL) and Alimentos II Gastronómico S.A.
Establishment of Watt's Alimentos Paraguay and Watt's Alimentos Perú.

2004



Chef
Mazola
Cristal

2000 - 2005

Chef, Cristal and Mazola brands are acquired from Unilever.

A new dairy plant is built in Lonquén – Santiago, close to the largest consumption area in Chile.

Investment grade upgrade from A- to A.

2006



Palmin
Astra
El toque de sabor

2006 - 2008

Acquisition of Astra and Palmin brands from Unilever.

A joint venture between Watt's and CCU (PROMARCA), is established to manufacture and sell nectar, juice, fruit beverages, milk based beverages and other products.

A US\$21MM investment is made in the Osorno plant to reach state-of-the-art technology in powdered milk and cheese production.

Watt's opens a commercial desk in Shanghai, China.

2009



FRUGO

2009

Promarca acquires the Frugo juice brand.

2010



Regimel
wasil

2010

Watt's enters the canned fruit and vegetables categories through the acquisition of the Wasil and Regimel brands.

2011



2011

A Tetra Recart packaging plant is built and put in operation in Lonquén.

Watt's issues corporate bonds of US\$50 million each with 7 and 20 year term at real interest rate of 3.48% and 3.88% respectively.

2012



2012

Watt's acquires 100% of the shares of the Las Parcelas de Valdivia Company, a leading high quality cheese producer, consolidating a leadership position in this category.

2013



2013

A new modern Distribution Center is built and put in service.

2014

2015



2014

Acquisition of Frutos del Maipo, a +US\$70MM sales company that allows Watt's to enter the frozen food category with a leading Brand in the Chilean market.

2015

Watt's builds a Brand new plant in Linares to get Frutos del Maipo with the most updated manufacturing and logistic technology in frozen vegetables. Walmart awards Watt's as the "Best 2015 Supplier" in the food segment.

2016



2016

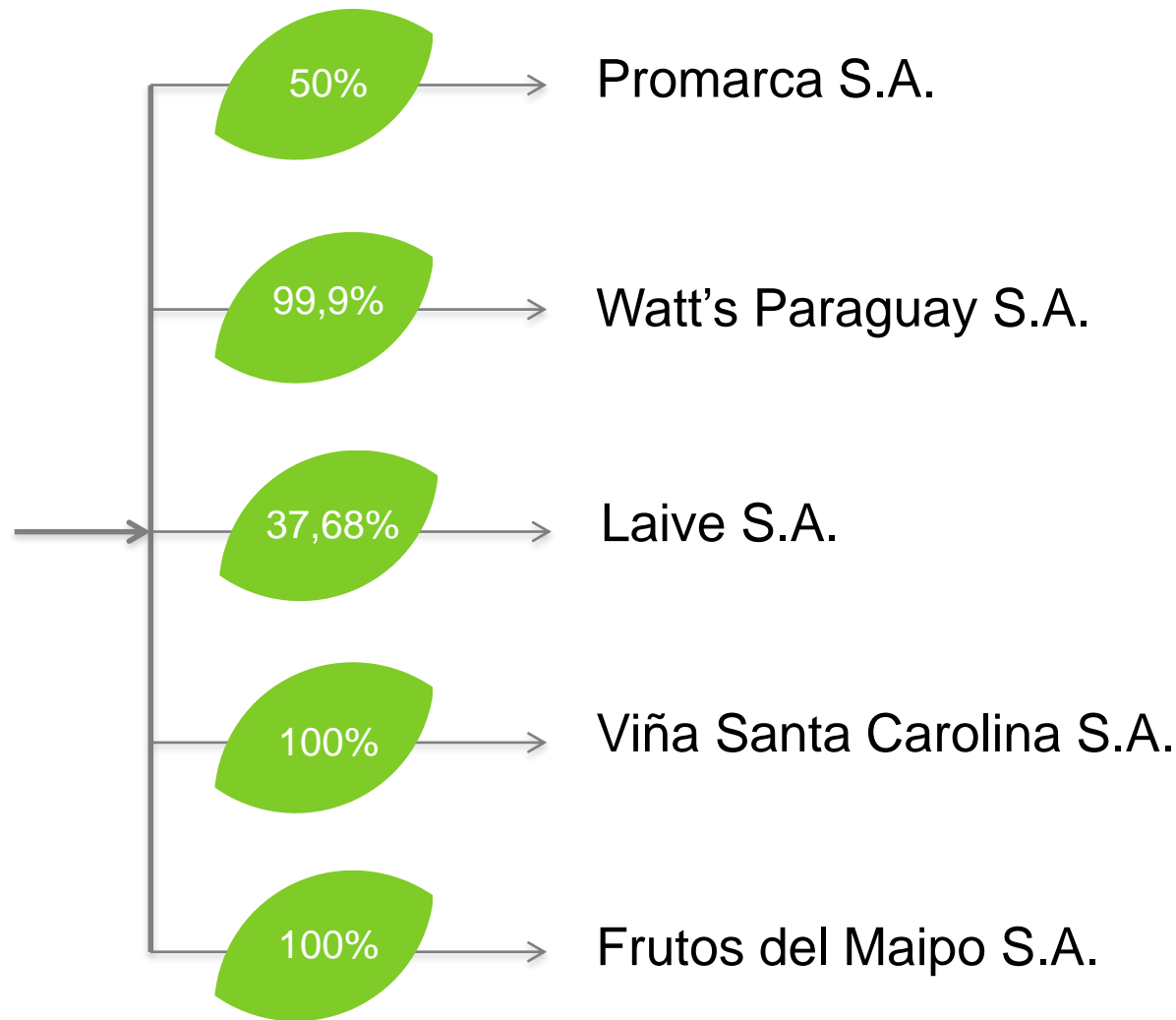
An agreement is signed for the acquisition of Danone Chile, with the aim of increasing participation in the category of Yogurt.



CORPORATE SOCIETARY STRUCTURE



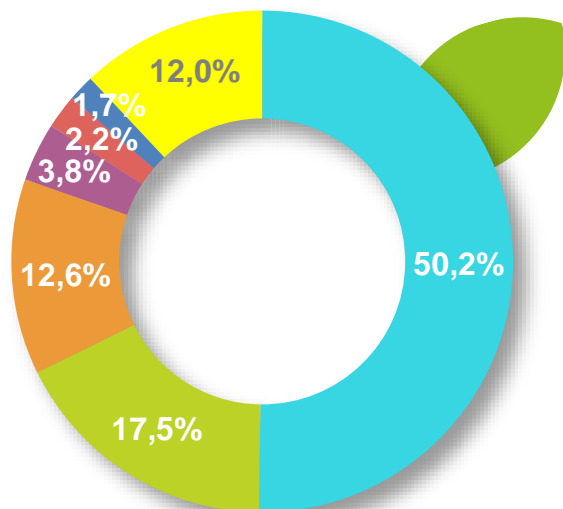
Watt's S.A.





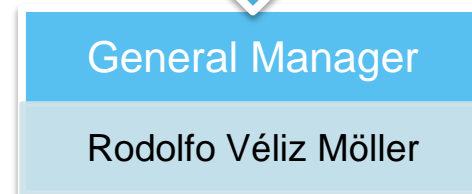
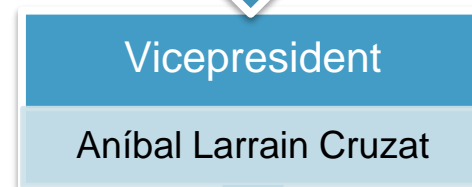
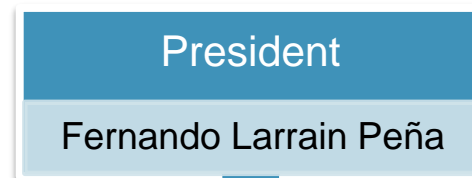
OWNERSHIP STRUCTURE AND BOARD

Major Shareholders



- Larrain Family
- Moneda S.A. AFI
- Stockbrokers
- Compass Small Cap Chile FI
- BTG Pactual Small Cap FI
- Chile Fondo de Inv. Small Cap
- Others

Note: Other Small Cap funds holding Watt's stock: SIGLO XXI, BICE, SANTANDER y BCI
30/09/2016 Register of Shareholders.





Watt's

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CHAPTER II

Business Areas



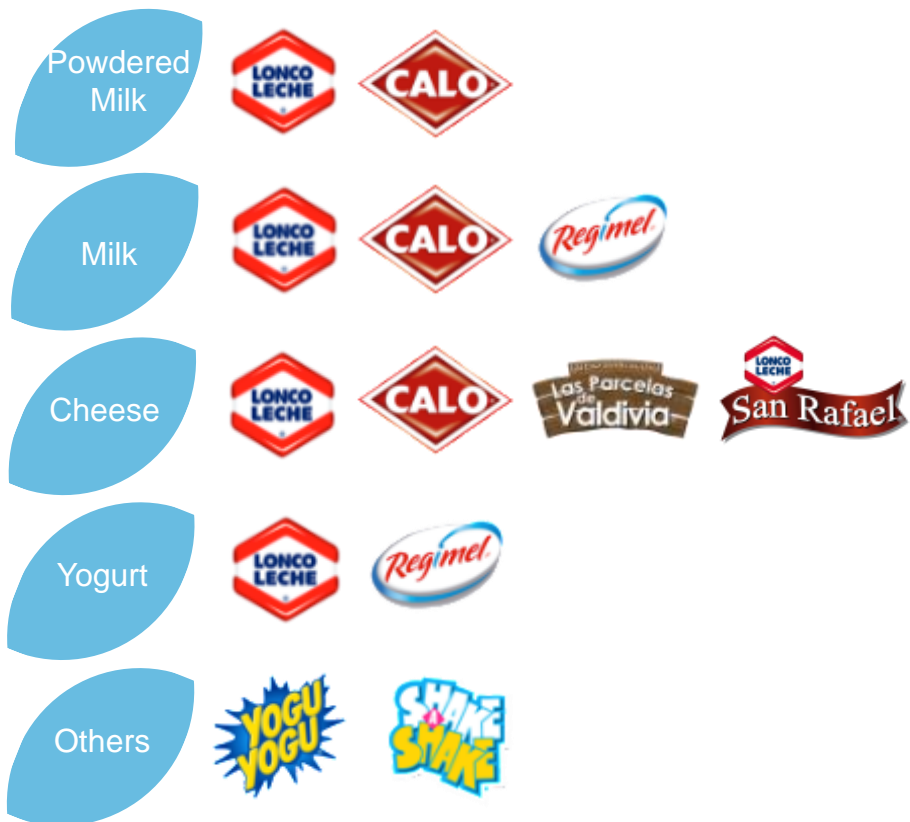
Dairy

Watt's dairy businesses are composed of: milk, powdered milk, cheese, butter, yogurt, fudge and cream.

Watt's competes in these categories with the following brands:

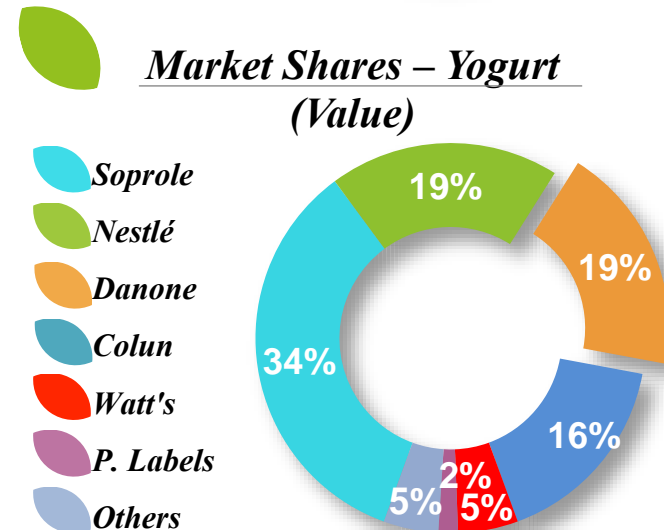
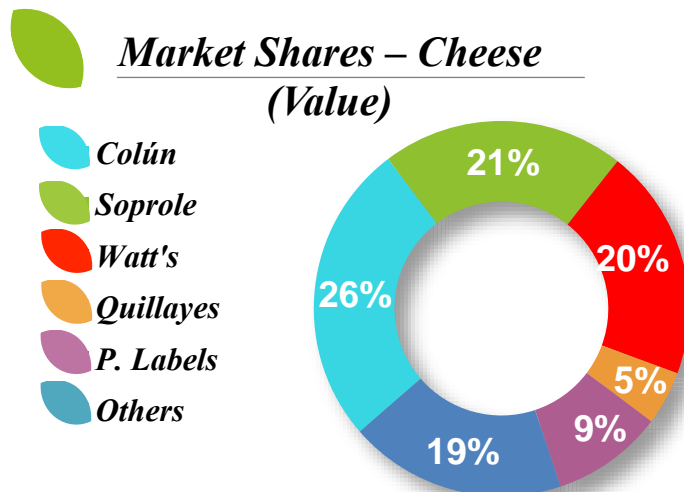
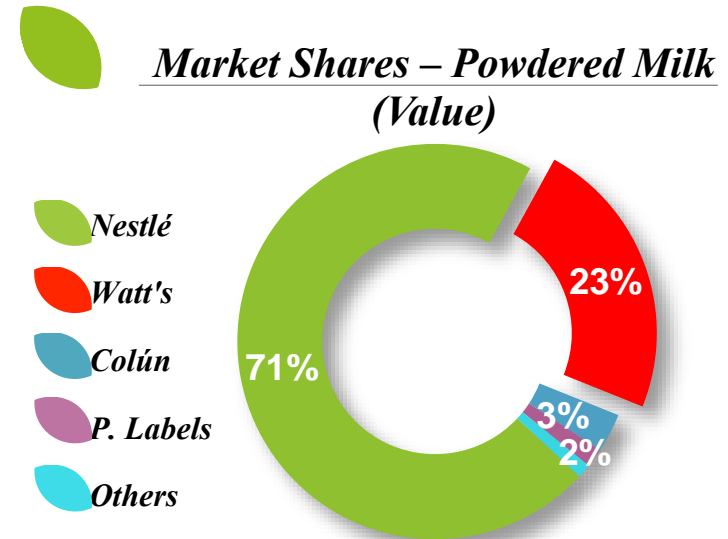
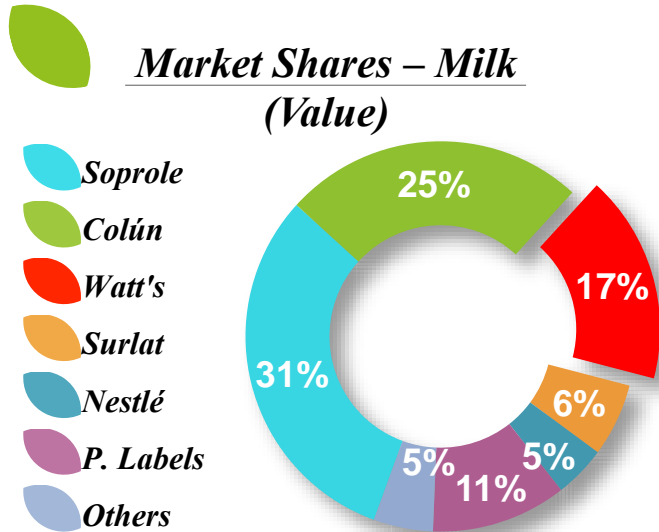
Business Areas

Dairy





WATT'S POSITION IN THE DAIRY MARKET



Source: Nielsen, 2016 / Watt's S.A.
Data: RY to Sep-16

DAIRY INDUSTRY FACTS - CHILE

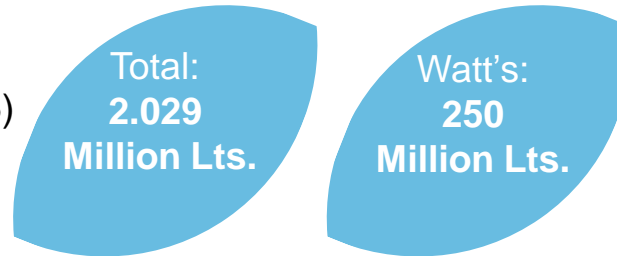
Business Areas



- Market Sizes



- Milk Reception Chile* (2015)



- Big Industry players with long history and prestige.
- High degree of innovation.
- Watt's drivers for success in this market:
 - Powerful and consolidated brands.
 - Excellent distribution capacity (Dry and refrigerated products).
 - Permanent Innovation.
 - Well structured milk supply network.



Source: Nielsen, 2016 / ODEPA / Watt's S.A.

Exch. Rate: 1US\$=CH\$ 650

Data: RY to Sep-16



EDIBLE OILS & MARGARINES

Business Areas

Edible Oils

Oils



Margarine



Mantecas



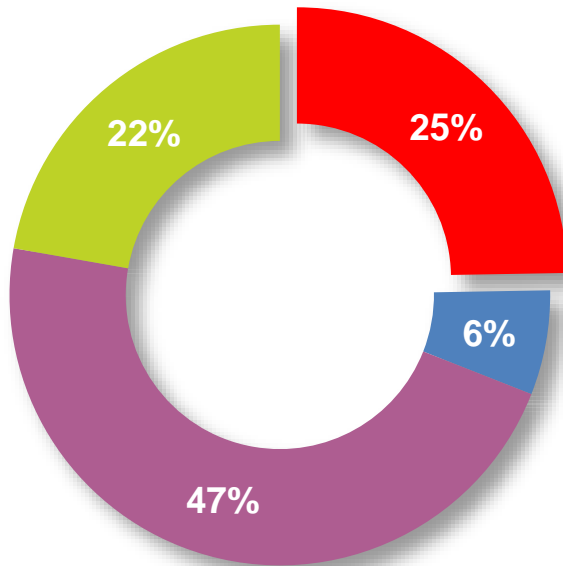
Fresh
Pasta





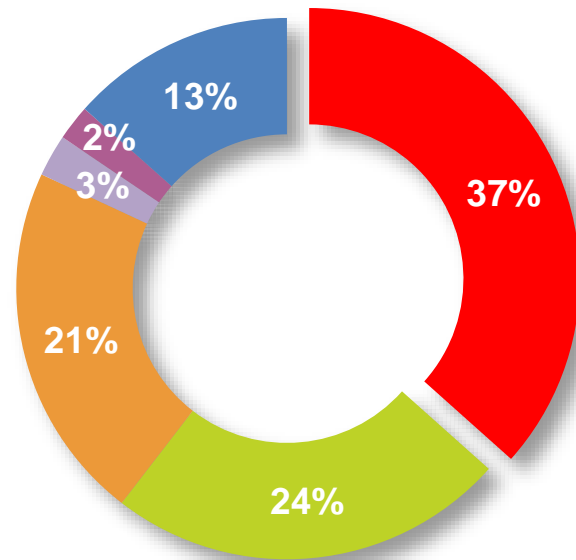
WATT'S POSITION IN THE EDIBLE OILS MARKETS

Market Share – Edible Oils
(Value)



-  Watt's
-  TMLUC (Miraflores)
-  P. Labels
-  Others

Market Shares – Margarines
(Value)



-  Watt's
-  Unilever (Dorina y Bonella)
-  Soprole
-  Nestlé
-  P. Labels
-  Others

OIL INDUSTRY FACTS - CHILE

Business Areas



- Market Sizes

Oil
US\$ 283 MM

Margarine
US\$ 81 MM

- Entry barriers:

Production infrastructure, technical know-how, established brands, distribution network, scale economics in production and purchase of raw materials.

- Hydrogenated products are of high degree of technical complexity.
- Significant price differences and characteristics between mass and premium products.
- Watt's covers all segments through its broad portfolio of brands and products.
- Raw material: crude oil mainly from Argentina.



Source: Nielsen, 2016 / Watt's S.A.

Exch. Rate: 1US\$=CH\$ 650

Data: RY to Sep-16



FRUIT BASED PRODUCTS

The Fruit Based Products category is composed of Juice & Nectar, Marmalade and Jams, Canned Fruit & Vegetables and Tomato based products.

Business Areas

Fruit Based Products

Juice & Nectars



Marmalade



Canned Fruit & Vegetables



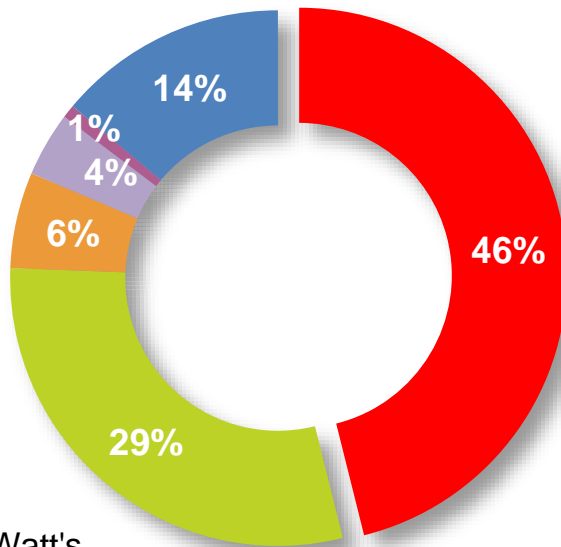
Tomato based Products



WATT'S POSITION IN FRUIT BASED PRODUCTS

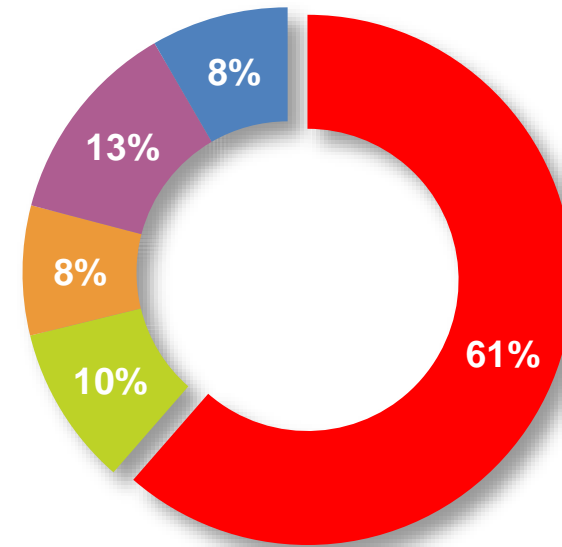


Market Shares – Juice & Nectar()
(Value)*



- Watt's
- Andina
- TMLUC (Yuz)
- Soprole
- P. Labels
- Others

*Market Shares – Marmalade
(Value)*



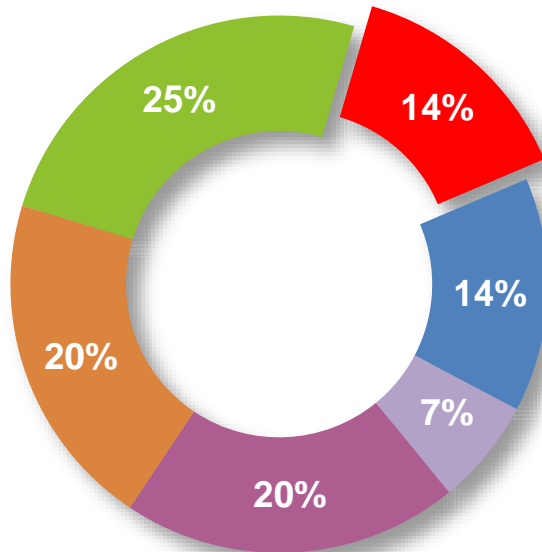
- Watt's
- Eckart
- Unilever (Malloa)
- P. Labels
- Others

(*) Shares include Promarca
Source: Nielsen, 2016 / Watt's S.A.
Data: RY to Sep-16

WATT'S POSITION IN FRUIT BASED PRODUCTS

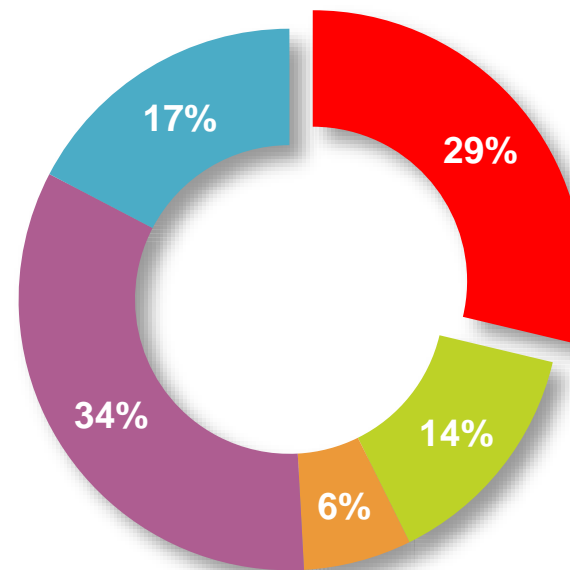


*Shares – Canned Fruit
(Value)*



- Pentzke (Dos Caballos)
- Watt's
- Agrofoods (Malloa)
- Aconcagua
- P. Labels
- Others

*Shares – Canned Vegetables
(Value)*



- Watt's
- ICB (Esmeralda)
- Demaria (Deyco)
- P. Labels
- Others

FRUIT INDUSTRY FACTS - CHILE

Business Areas



- Market Sizes

Juice &
Nectar
US\$ 430 MM

Marmalade
US\$ 61 MM

Canned
US\$ 133 MM

- Industry with growth potential:

Trends towards the healthy.

Chile has comparative advantages in the fruit production.

- Raw Materials:

Most are bought in Chile.

Contracts with suppliers for key inputs.

Periodicity in the purchase and long-term relationship with producers.

Orange and Pineapple are bought in external and competitive markets.





FROZEN VEGETABLES

- In November 2014, Watt's enters the frozen vegetables category through the acquisition of Frutos del Maipo.
- FDM sales are above US\$70 million.
- Frutos del Maipo is the second most important player in the category.
- Market Size: US\$230 million (vegetables & potatoes)

Business Areas

Frozen Vegetables

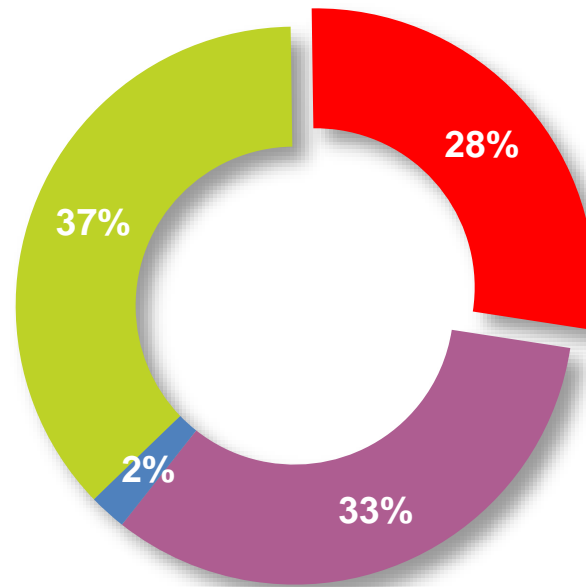
Frozen
Vegetables





WATT'S POSITION IN FROZEN VEGETABLES

**Market Share – Frozen Vegetables
(Value)**



- Alifrut
- Watt's (Frutos del Maipo)
- P. Labels
- Otros

Business Areas

Wines



OCHAGAVIA
DESDE 1851



SANTA CAROLINA
— CHILE —



FINCA EL ORIGEN

VIÑA
CASABLANCA

WINE

- Santa Carolina sales in 2015 were US\$72MM, considering both the domestic and export markets.
- The Company owns 843 hectares of vineyards in the main wine valleys in Chile.
- Additional +1.000 Hectares of vineyards are contracted in the central zone of Chile. Another 200 Hectares of vineyards are owned in Mendoza – Argentina.
- Santa Carolina owns 5 wine bottling plants with a total capacity of 42 million liters.





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CHAPTER III

Strategy



STRATEGY

Key Strategies

-  Strong Brands with Clear Positioning
-  Leadership position in the markets we compete
-  Revenue Diversification
-  Consistency in results and cash flows
-  Solid distribution channels
-  Permanent Product Innovation



Watt's
Strategy

LEADING & WELL POSITIONED BRANDS

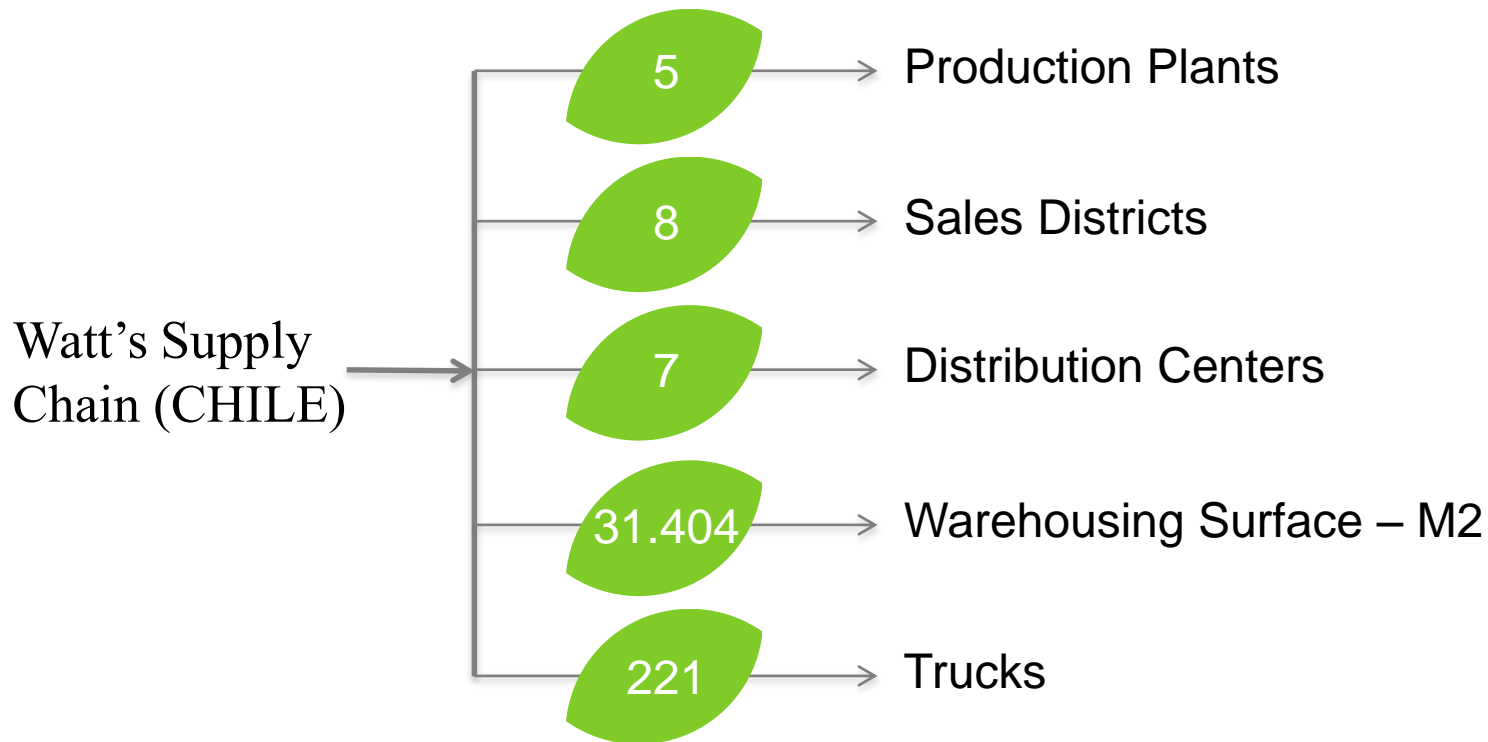
CATEGORIES	MARKET SIZE (US\$ MM)	MARKET SHARE (VALUE)	RANKING	WATT'S BRANDS
JUICE & NECTARS	430	46%	1º	 
EDIBLE OILS	283	25%	1º	    
MARGARINES	81	37%	1º	  
MARMALADE	61	61%	1º	  
CANNED VEGETABLES	65	29%	1º	 
POWDERED MILK	169	23%	2º	 
CANNED FRUIT	68	14%	2º	 
FROZEN VEGETABLES	140	28%	2º	
CHEESE	405	20%	2º	  
MILK	375	17%	3º	 
YOGURT	387	5%	5º	 



ROBUST OPERATIONS AND SUPPLY CHAIN

WATT'S HAS A ROBUST CAPACITY TO DELIVER PRODUCTS TO ITS CUSTOMERS

Watt's serves directly 14.500 customers, and is able to get to 40.000 customers through distributors. Watt's is present in supermarkets, distributors, wholesalers, food service, industrial and institutional.

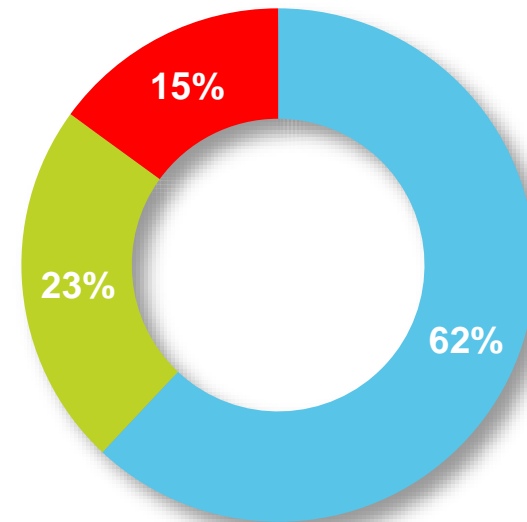


PRODUCTION, SALES AND DISTRIBUTION



-  Sales Offices
-  Distribution Centers
-  Manufacturing Plants

Sales by Channel



-  Supermarkets
-  Traditional
-  Industries

PRESENCE IN PERÚ - LAIVE

Strategy



- Laive is one of the main food companies in Perú.

- Revenues:

US\$ 141 MM



- Laive is a traditional Peruvian company founded in 1910.
- Watt's, equal to its partners (the Palacios Moreyra family), holds a 37.68% of the stock of Laive. Both control the Company through a shareholders agreement.
- Laive commercializes its products through the following brands: Laive, Swis, La Preferida and Watt's.

INNOVATION – A KEY LEVER FOR GROWTH

Watt's launches one new innovation initiative per week





Watt's

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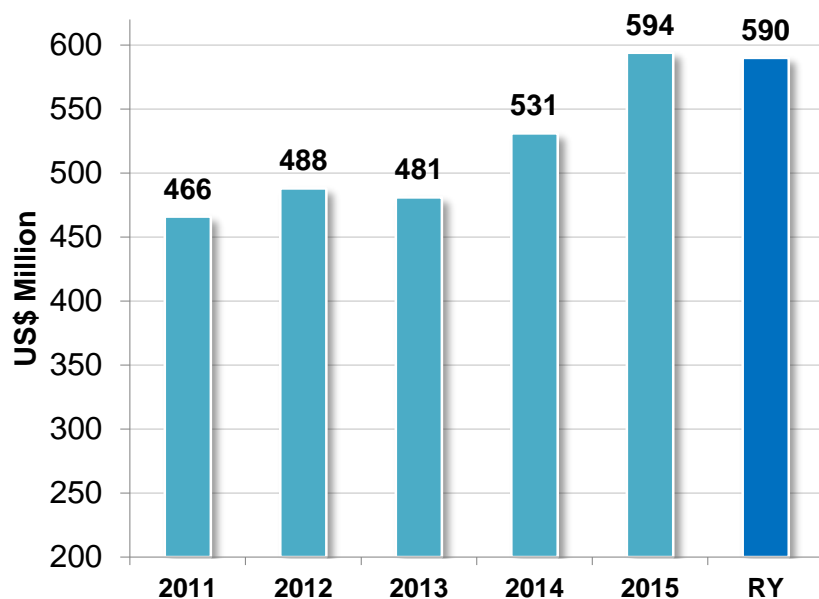
CHAPTER IV

Financial Performance

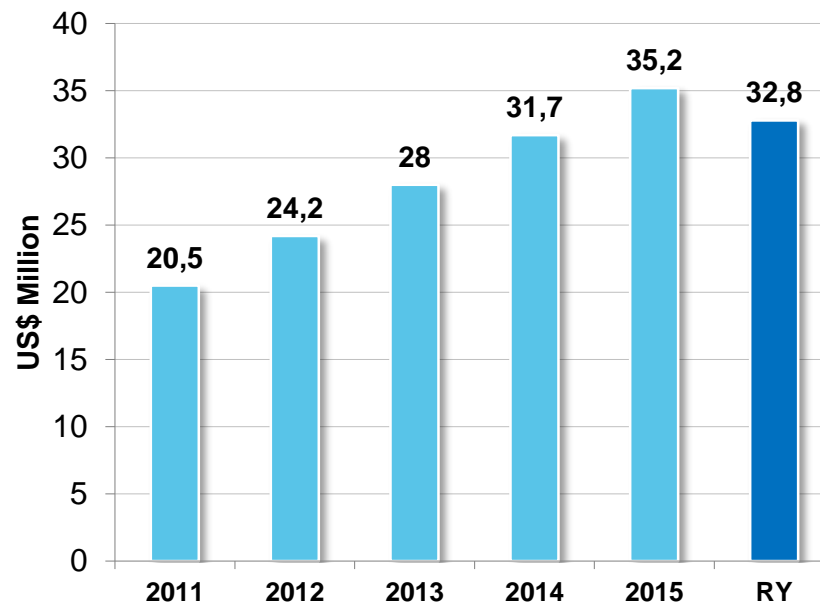
REVENUES AND EARNINGS



Revenues



Earnings



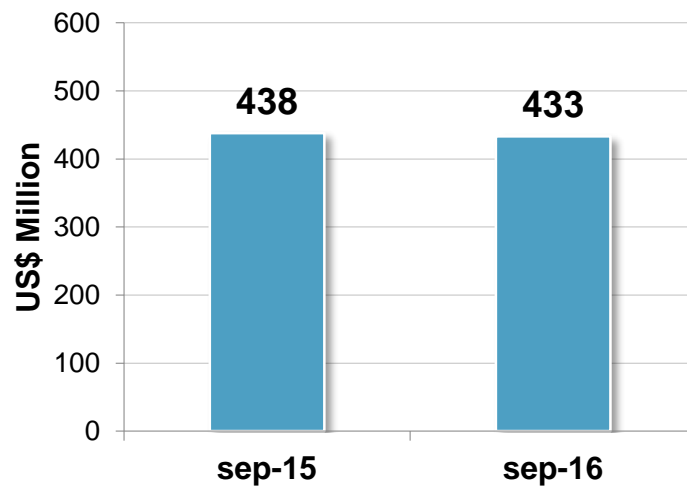
- Revenues totaled US\$594 million for 2015, representing an increase of 12% over the US\$531 million reported in the same period of 2014.
- Reported earnings for the year 2015 of US\$35,2 million, an increase of 11% with respect to 2014, when earnings totaled US\$31.7 million.

REVENUES AND EARNINGS

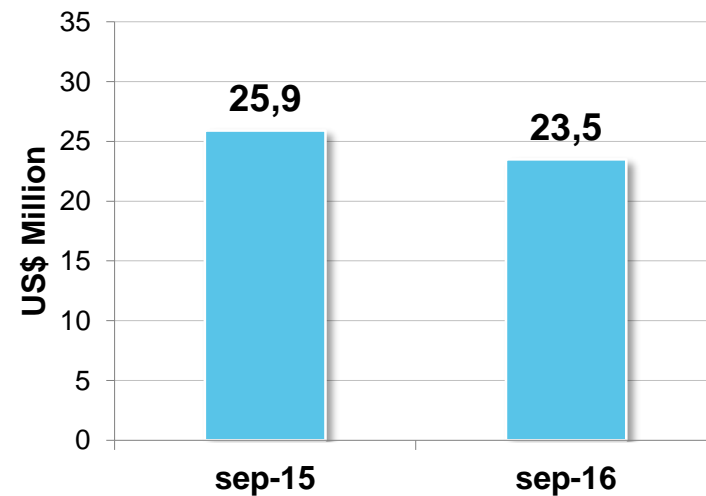
Financial Performance



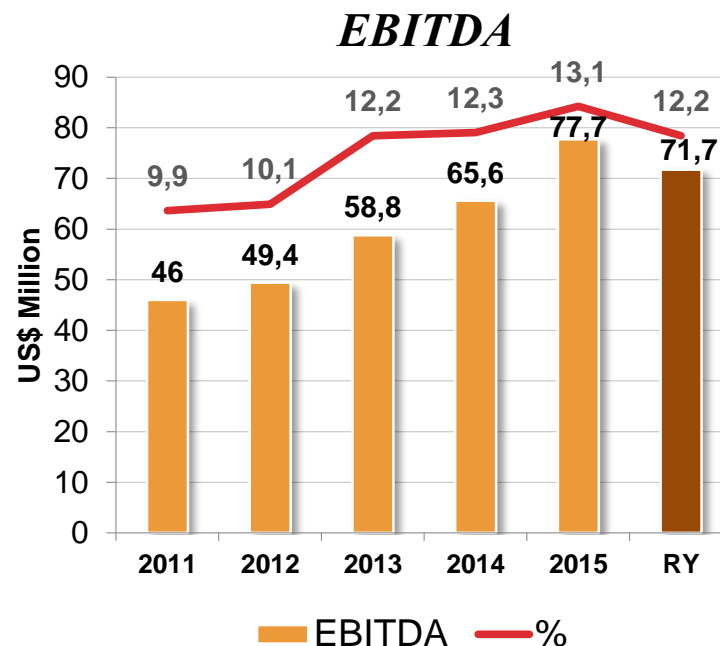
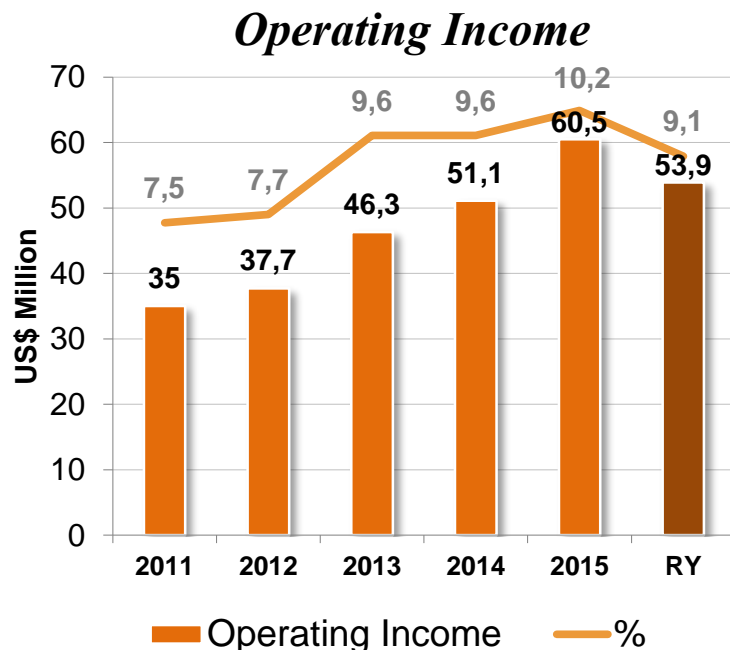
Accumulated Income



Accumulated Earnings



OPERATING INCOME AND EBITDA

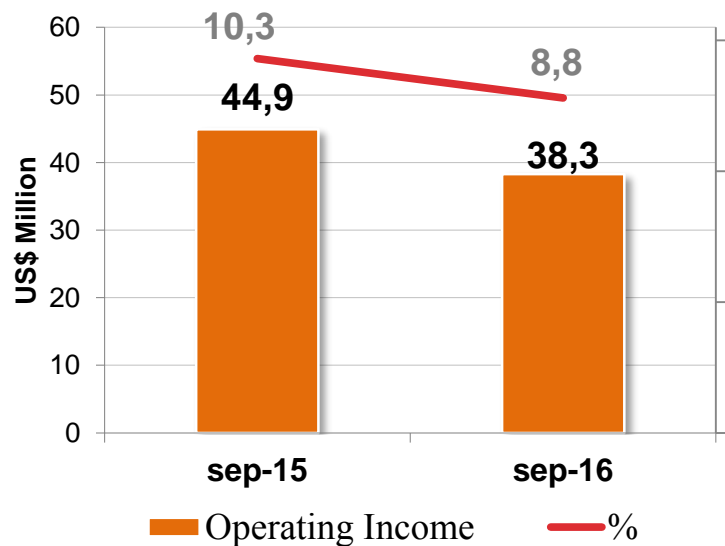


- In 2015, Operating income reached US\$60,5 million vs US\$51.1 million same period year 2014, representing an increase of 18.3%.
- EBITDA reached US\$ 77.7 million in 2015 compared to the US\$65.6 million recorded during 2014, representing an increase of 18.4%.

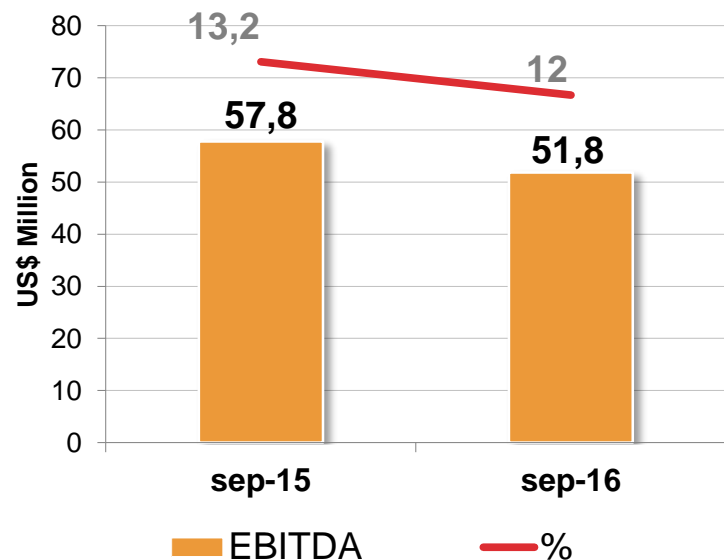
OPERATING INCOME AND EBITDA



Accumulated Operating Income

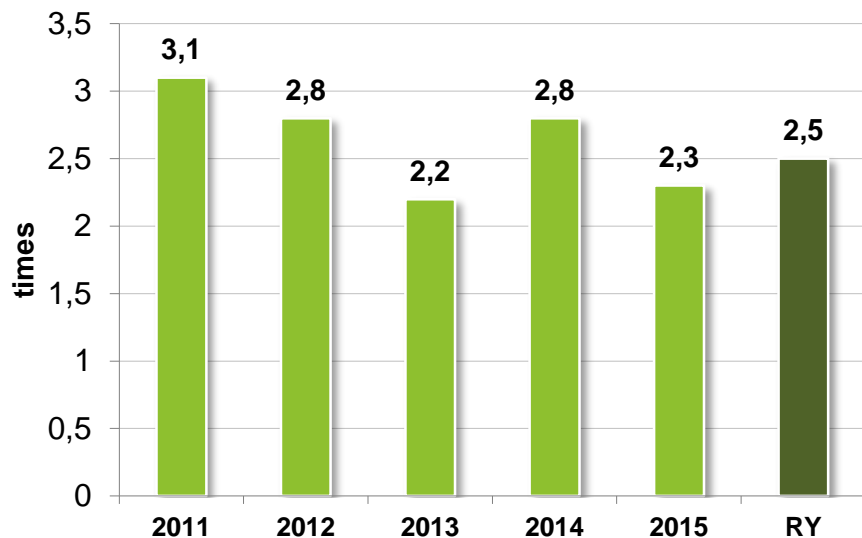


Accumulated EBITDA

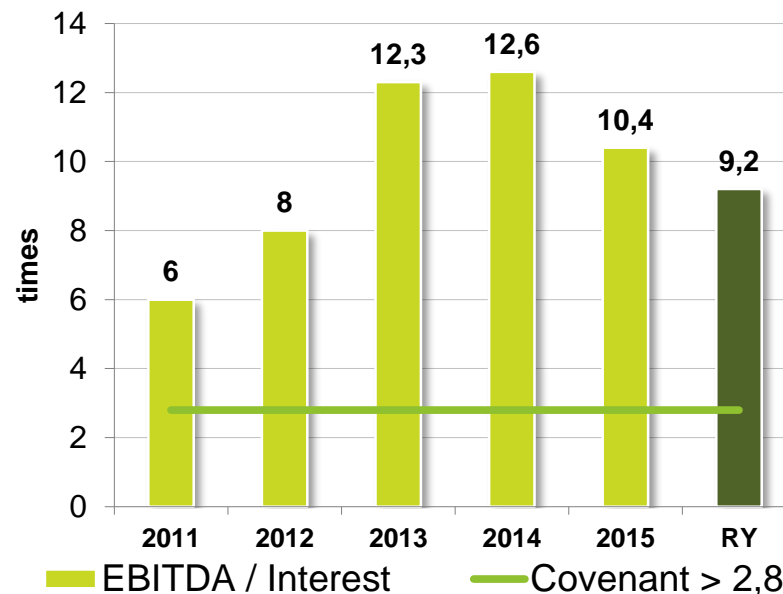




*Net Financial Debt / EBITDA**



Coverage

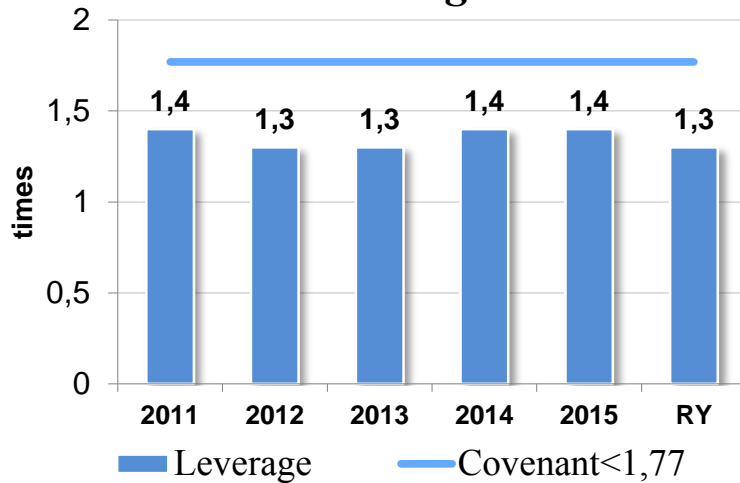


- The Company's net financial debt as of September 30, 2016 amounted to US\$178 million.

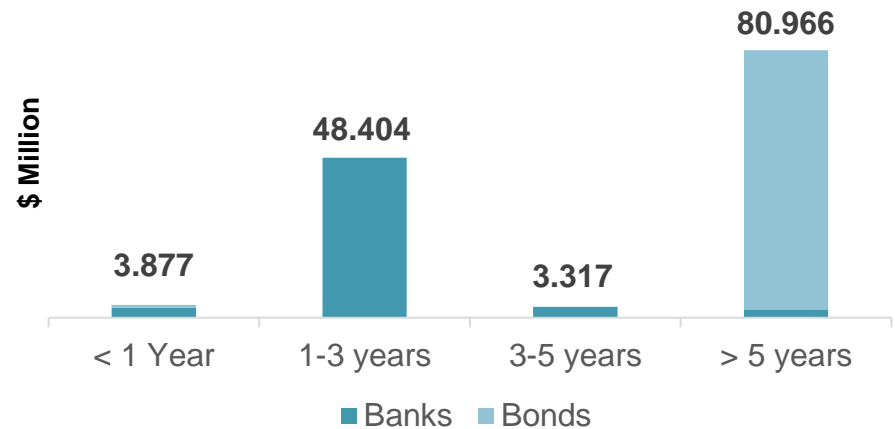
LIABILITIES, RATIOS



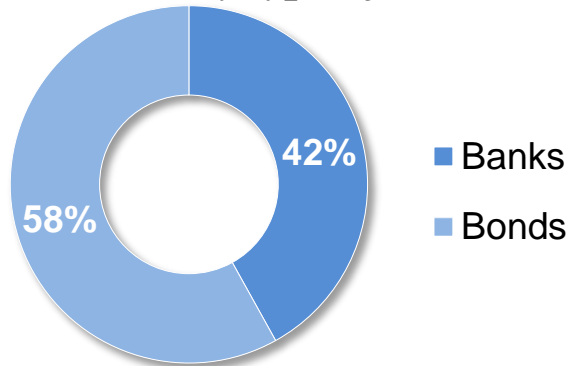
Leverage



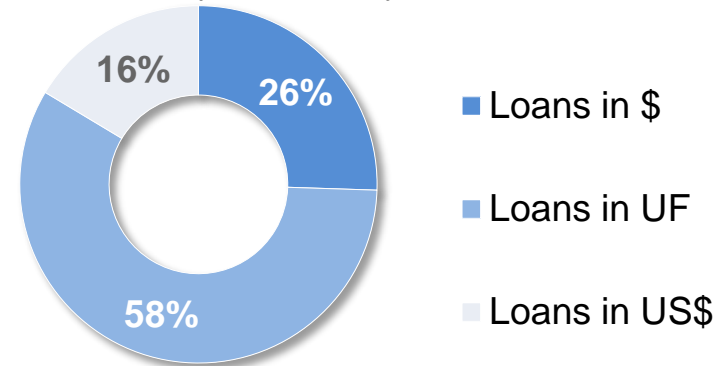
Maturity profile of debt



Structure by type of debt

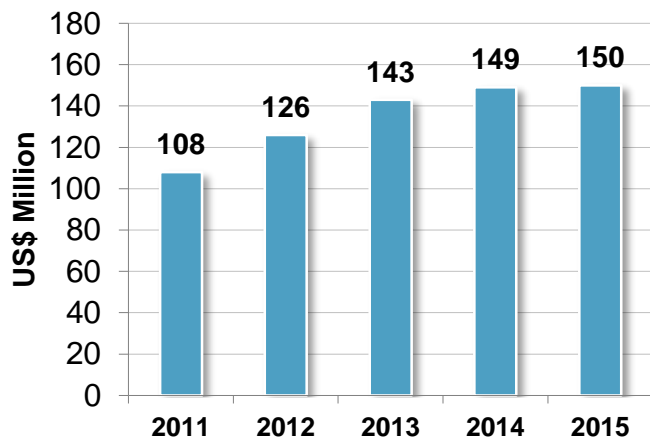


Structure by currency

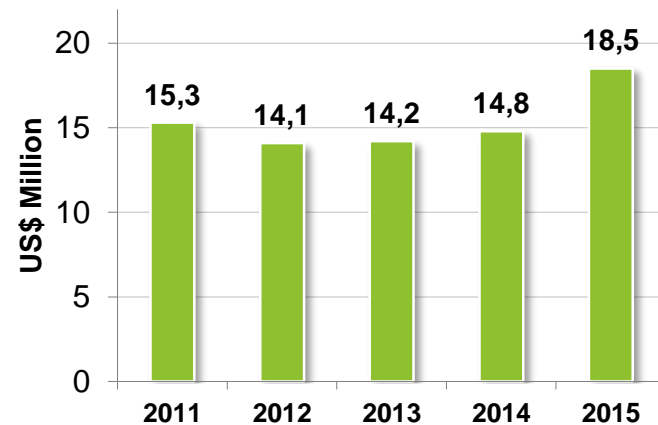




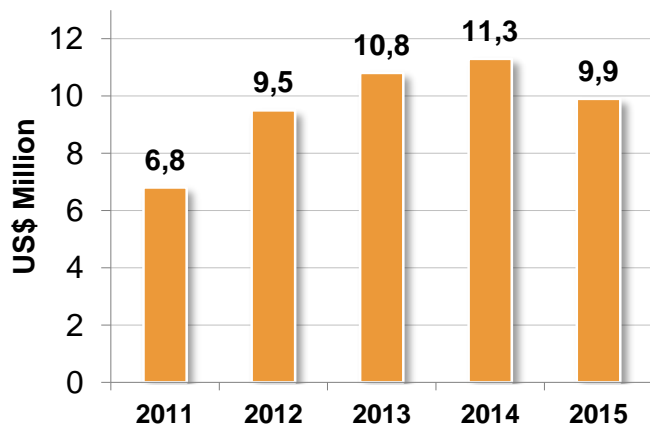
Revenues



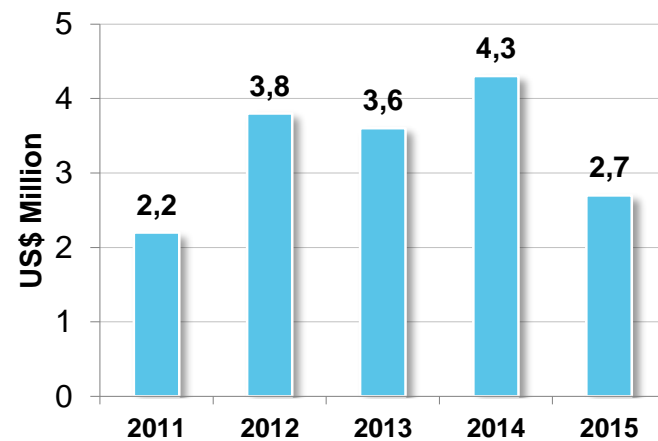
Net Financial Debt



EBITDA



Earnings





Corporate Overview

Watt's 2016

